



SAN LUIS OBISPO COUNTY DEPARTMENT OF PUBLIC WORKS

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TO: Board of Supervisors for the San Luis Obispo County Flood Control and Water Conservation District and San Luis Obispo County

FROM: Courtney Howard, Water Resources Engineer

VIA: Paavo Ogren, Director of Public Works

DATE: August 27, 2013

SUBJECT: Receive a Paso Robles groundwater basin management plan implementation update, request to approve appointments to the Blue Ribbon Committee, request to approve release of request for qualifications to prepare feasibility studies and request to allow waiver of permit fees related for certain new well construction permits. Districts 1 and 5.

Recommendations

It is our recommendation that your Honorable Board, acting as the San Luis Obispo County Flood Control and Water Conservation District (Flood Control District) and San Luis Obispo County:

1. Receive a Paso Robles Groundwater Basin Management Plan implementation update and provide staff direction as you deem appropriate.

And acting as the San Luis Obispo County Flood Control and Water Conservation District:

2. Approve release of request for qualifications (Attachment "1J") to prepare feasibility studies.
3. Approve appointments to the Blue Ribbon Committee as shown in Attachment "1K."

Discussion

On March 27, 2012, your Board adopted the Groundwater Management Plan (GMP) for a portion of the Paso Robles Groundwater Basin (Basin) within the unincorporated area. The GMP was developed by the City of Paso Robles in cooperation with the District and with a Steering Committee representing Basin stakeholders. When the GMP was adopted, your Board also created the Blue Ribbon Committee (BRC) as the primary advisory body for the Basin. Staff has also been providing regular updates to the Water Resource Advisory Committee.

Since the adoption of the GMP, the BRC has been developing recommendations for stabilizing levels in the Basin. Updates to your Board were provided on December 18, 2012 and May 7, 2013. Consistent with prior direction, this staff report includes updates on multiple ongoing Basin efforts as well as options, although limited, on providing assistance to property owners who are encountering hardships.

More specifically, the nine (9) points of direction that your Board approved on May 7, 2013 (see Attachment "1B") can be organized as follows:

- Short Term Measures
 - Assistance for Property Owners with Hardships
- Medium Term Measures
 - Modeling/Evaluating Basin Conditions
 - Options for Basin Governance
- Long Term Measures
 - Evaluating Water Supply Options
- Blue Ribbon Committee Recommendations

Short Term Measures

Assistance for Property Owners with Hardships

Consistent with your Board's direction, the following discussion includes a summary of emergency assistance opportunities for individuals who have dry wells, including:

- Reduction/waiving of County fees and charges
- Grants and/or low interest loan programs
- Emergency water supply sources

Reducing/Waiving County Fees and Charges

The County fees and charges related to the installation of new wells include the following:

Environmental Health	Well Construction Permit	\$476.00
<u>Planning Department</u>	<u>Well Electrical Permit</u>	<u>\$391.50</u>
Total		<u>\$867.50</u>

Attachment "1C" discusses the conditions that would be recommended if your Board directs staff to waive the identified fees. If, for example, 70 applicants met the condition, the budgetary impact would be \$60,725. However, staff has only been contacted by two individuals with interest in this program as of the completion of this status update, which would be an impact of \$1,735.

Grant and/or Low-Interest Loan Programs for Property Owners with Hardships

Although state and federal grant and loan programs are predominantly established for development of community infrastructure, staff researched programs that may directly assist property owners whose wells have gone dry and who are experiencing hardships in efforts to drill a new well. Staff research, summarized in Attachments “1D and 1E”, has included:

- Working with the County’s State and Federal lobbyists to identify programs to assist individuals with dry wells
- Reaching out to other Counties to identify existing programs
- Reviewing options for using County and/or the Flood Control District funds to implement a program
- An indication from a private well driller to provide low interest financing

There are three programs that have been identified; all of which provide limited benefits and significant administrative challenges for compliance with federal requirements.

- United States Department of Agriculture (USDA) 504 Loan and/or Grant
- HUD’s Home Program (HOME)
- HUD’s Community Development Block Grant Program (CDBG)

The USDA program is targeted for very low income homeowners and the HUD programs target low income homeowners and residents. The table below establishes the income limits by household size. Those interested in USDA should contact USDA representative Zulema Rodriquez at (805) 928-9269.

Household Size	1	2	3	4	5	6	7	8
USDA Very Low Income Limit	\$26,400	\$30,200	\$33,950	\$37,700	\$40,750	\$43,750	\$46,750	\$49,800
HUD Very Low Income Limit	\$25,100	\$28,700	\$32,300	\$35,850	\$38,750	\$41,600	\$44,500	\$47,350
HUD Low Income Limit	\$40,150	\$45,900	\$51,650	\$57,350	\$61,950	\$66,550	\$71,150	\$75,750

The CDBG and HOME programs, which have been declining in amounts in recent years, are very competitive. In the event that CDBG or HOME funds are allocated for this potential program, less funding would be available for other projects such as:

- Sewer laterals for low income homeowners in Los Osos (CDBG)
- Drainage improvements in Oceano (CDBG)
- New affordable rental housing in Cambria, San Luis Obispo, Morro Bay and Templeton

Any use of HUD funds must comply with a variety of federal requirements, such as some long term deed restriction, income verification of homeowners, federal and state environmental review, and strict timeliness requirements for committing and spending down any funds allocated. Failure to meet any of these can result in HUD requiring the County to repay the funds.

County/District Funds

Similar to Federal and State sources of funds, the County and Flood Control District funds utilized for water resource efforts have been for community infrastructure. The emergency programs that do exist for individual property owners have been through federal, state or insurance programs. The Flood Control District's principal act (CA Water Code Appendix 49 [Uncodified Acts]) does not provide expressed authorization to assist private property owners. As a result, it is our understanding that the Flood Control District's act would first require a legislative amendment to authorize a program to assist private property owners.

If a legislative amendment is achieved, as an example, a program might be developed analogous to the Santa Barbara County "emPower SBC" program. Santa Barbara County has established the "emPower SBC" program that uses \$1.0 million in federal funds to provide 90% loan guarantees or "credit enhancements" to local banks that are willing to provide the related loan funds. In that program, the lending limit is \$25,000.

The following is a list of some of the policy issues that your Board may wish to consider in establishing any policy direction to staff.

- Should a legislative amendment to the Flood Control District's Act be pursued?
- Should a designated reserve be established in the Flood Control District, and how much?
- Should a similar reserve be established to assist property owners who experience flood damage and who also have hardships?
- Should property owners be required to first apply for assistance through the USDA?
- Should eligible property owners be limited to the Paso Basin, or should the program be County-wide?
- Should property owners be first required to consider a shared well with other property owners, or a community system, in order to consider whether those options are more cost-beneficial?
- Should property owners be required to participate in a mandatory well monitoring and reporting program, with mandatory conservation?
- Should the lenders that hold title to the notes secured by the property be required to subordinate to the well loan?

If the Board is interested in pursuing a program, the next step will be for staff to work with our State lobbyist in pursuing a legislative amendment.

Private entities

Public testimony heard by your Board on May 7, 2013 included an indication of low interest financing by one of the local well drilling companies.

Emergency Water Sources

There are multiple sources of potable and non potable water supplies available to individuals. The most significant cost for obtaining water is the cost for transporting/trucking the water. In comparison, the cost of the actual supplies of water are relatively nominal. The consumption of non-potable water that does not meet drinking water standards is also a concern. A summary of the sources listed below is provided in Attachment “1F”.

- Individual Agencies
- State Water
- Private Entities
- Nacimiento Water

In addition to short term emergency assistance options, staff has also been informing some property owners regarding alternatives to individual wells. These options include shared well agreements, and the formation of mutual water companies, County Service Areas or other small community systems.

Next Steps – Staff Direction on Short Term Measures

In providing direction to staff on Short Term Measures, your Board may wish to consider the following items:

- Whether to waive fees under the recommended conditions
- Whether to pursue a Legislative Amendment to the Flood Control District Act

Medium Term Measures

Current groundwater computer modeling updates are ongoing for understanding how the Basin may respond to future conditions and projects or programs necessary to accomplish basin management objectives. Attachment “1G” provides updated information on groundwater levels. Staff has also prepared a comparative summary of governance options, which is included as Attachment “1H.” The following is an update on both of these medium term measures.

Computer Model Update

There are three key outcomes for the model update:

- The water balance update,
- The refinement of the perennial yield, and
- The simulation of the Basin’s response to future conditions without new programs or projects.

It is anticipated that the water balance update (inflows and outflows over the model period of 1980-2011) will be available by October, followed by the perennial yield and simulation results in December.

It is anticipated that the outcomes will be the focus of the next update to your Board, and will include a related discussion regarding implications under the Paso Robles Basin Agreement and the next steps in evaluating projects aimed at stabilizing groundwater levels.

Groundwater Level Measuring Program

Staff continues to evaluate wells offered for the County's well level measuring program. Additionally, staff will be contacting all existing participants in the program in order to ensure we have the latest contact information and participation agreements in place. The latest participation agreements also have an option to pre-authorize the release of information collected to the general public. If the option is not selected, the information will only be available to governmental agencies for Basin studies and will not be disseminated in a manner that discloses confidential information, such as well owner name and location.

Governance Structures

A designated governance structure for the Basin is needed to establish funding for implementing programs and projects aimed at stabilizing groundwater levels, including regional conservation programs and/or supplemental water projects. Effective long term conservation programs may require a comprehensive metering and monitoring program. Attachment "1E" is a list of Federal Programs that can potentially support the implementation of these programs and projects once the governance structure is established.

Attachment "1H" describes four categories of potential governance approaches and provides a comparison of:

- Four (4) water management organizations created by special legislation,
- A county ordinance,
- Three (3) types of "off-the-shelf" water districts,
- The Flood Control District, and
- The adjudicated Santa Maria Groundwater Basin.

Next Steps – Staff Direction on Medium Term Measures

As explained above, well measurements and Basin modeling traditionally are ongoing and updates will be provided to your Board. With respect to governance options, as of the completion of this status update to your Board, the only expressed effort is the development of a petition for a California Water District. It is anticipated that the petition will be circulated in the coming months and, if sufficient, will be submitted to LAFCO. Staff has discussed this pending action with LAFCO and will be available for further discussions in the event it is submitted. Consequently, as the effort to submit a formation petition proceeds, staff will continue to provide your Board with updates in addition to responding to any other direction from your Board.

Long Term Measures

Staff efforts since May 7, 2013 on long term supply options have included discussions with the Nacimientto Commission and preparation of Attachment "1J", which is a Request for Qualifications (RFQ) to seek professional consulting services for water supply options.

Nacimientto Water Project

The effect of the Nacimientto Water Project on the Basin was evaluated as a part of the 2005 computer modeling efforts and for the 2011 Resource Capacity Study for the Basin (Fugro, 2010). A summary of those findings is included as Attachment "1I." In general, extractions from municipal wells in the main Basin are anticipated to stay near historical quantities, with municipal growth served by Nacimientto water instead of Basin water.

Feasibility Studies on State Water and Salinas River Watershed Options

Understanding the opportunities for using the unsubscribed State Water and water that may be available in the Salinas River Watershed to help stabilize Basin levels is the focus of the feasibility studies your Board authorized on May 7, 2013. The proposed RFQ outlining the need for the feasibility studies and qualifications of the firms we are seeking is included as Attachment "1J". Staff is requesting your approval of proceeding with the release of the RFQ.

Staff's recommendation is that the two step process of preparing an RFQ prior to preparing a "Request for Proposals" is preferable for these work efforts rather than the single step process of only issuing a RFP. In contrast to a design project, where the scope of work is well-understood by the consulting firms and the one-step RFP process is efficient, the two-step is appropriate in evaluating water supply options for the Paso Basin since the scope of work includes several water resource concepts and is not a specific defined task such as a design of a specific project.

The RFQs are seeking consulting teams that have the ability to evaluate complex water resource options and who possess underlying technical skills and can:

- a) Demonstrate an understanding of the Paso Basin and
- b) Show past success in working on surface supplies, groundwater supplies, conjunctive use programs, environmental resource and public trust doctrine requirements, State Water Board permitting requirements, benefit/cost analysis, and related issues.

Depending on the number of consulting teams that submit Statement of Qualifications (SOQ) and the ranking of the teams, a short-list will be prepared. Those short-listed teams will then be provided the opportunity to prepare Proposals in the second step after they are provided the final "Request for Proposal." It is anticipated that staff will provide a recommendation to the Board regarding the selected team shortly after the computer model is updated in December.

The benefits of the two-step process include the ability to maximize the dialogue of "how to" approach the evaluation before the final RFP. In addition, the cost of consultants to prepare SOQs is relatively inexpensive in comparison to preparing Proposals in response to RFPs. As a result, we can expect to have a greater response from more consulting teams in the first step and have a greater ability to focus with a few number of the best qualified for the second and more expensive step.

Next Steps – Staff Direction on Long Term Measures

Upon approval of the release of SOQ's, Staff will move forward on the consultant selection process.

Blue Ribbon Committee

Recommendations

The BRC is in the process of drafting a report on the priority solutions identified at its August 15, 2013 meeting and anticipates submitting the report to your Board prior to August 27, 2013. The BRC's report will be included in the SOQ's.

Membership Update

The Templeton Community Services District has new staff assigned to participate on the BRC and your Board's approval of the new membership appointments as shown in bold in Attachment "1K" is needed at this time.

Other Agency Involvement/Impact

The Blue Ribbon Committee is the primary advisory body for the Basin.

The County's Federal and State lobbyists have engaged regional offices of the USDA, Bureau of Reclamation, and Environmental Protection Agency with a particular emphasis on identifying opportunities to assist individuals.

Local agencies, such as the City of Paso Robles, Templeton Community Services District and Atascadero Mutual Water Company, and advisory groups, such as the Water Resources Advisory Committee, and other community, agricultural and economic advisory committees, are engaged in the short, medium and long term efforts associated with management of the Basin.

The Administrative Office, Agricultural Commissioner's Office, County Counsel, Planning and Building Department and Public Health Department have all contributed to this update for your Board.

Financial Considerations

Efforts associated with implementation of the GMP for the Basin are included in Flood Control Fund 19, whose revenue source is Flood Control District Reserves. The Flood Control Fund 19 budget for the current fiscal year is \$101,468, and \$24,500 has been spent as of the completion of this status report. If the level of effort for the Basin continues, Fund 19 is projected to need additional revenue to cover staff time.

It is anticipated that an inter-fund transfer from District reserves to Fund 19 will be submitted for your Board's consideration when the consultant is selected for preparing the feasibility studies for the water supply options in the next 3 to 4 months.

Results

Directing staff to proceed with Basin management efforts will help to ensure the Basin is effectively managed so it can remain a reliable source of water for all of its users, contributing to safe, healthy, livable, prosperous and well-governed communities.

Attachments:

- 1A – Vicinity Map
- 1B – May 7, 2013 Approved Recommendations
- 1C – Conditions to Waive Permit Fees
- 1D – Grant and/or Low Interest Loan Emergency Assistance
- 1E – Federal Programs
- 1F – Emergency Water Sources
- 1G – Basin Conditions
- 1H – Governance Options Summary
- 1I – Nacimiento Water Project Effect on Basin
- 1J – Proposed Requests for Qualifications
- 1K – Blue Ribbon Committee Membership

File: CF 500.132.01 Groundwater Study - Paso Robles Management Plan

Reference: 13AUG27-BB-1

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